



SAN MIGUEL CORPORATION

June 7, 2011

The Philippine Stock Exchange, Inc.
Disclosure Department
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head - Disclosure Department

Gentlemen:

Enclosed is a copy of our press statement entitled "San Miguel sets sights on higher growth from new businesses," which we will release to the press today.

Very truly yours,



FERDINAND K. CONSTANTINO
Corporate Information Officer



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San Miguel sets sights on higher growth from new businesses

Conglomerate San Miguel Corporation (SMC) yesterday said it is making good progress on its diversification and is poised for higher growth, as it reported strong financial results on the full consolidation of Petron and its power businesses.

In a presentation to stockholders yesterday, SMC chairman and chief executive officer Eduardo M. Cojuangco Jr. said that the company's new growth engines were performing well as planned.

"With our new businesses, we have more diverse income streams and more paths to grow than ever before. As these segments become larger and their contributions more manifest, we are confident that we will deliver much better value," Cojuangco said.

He added that favorable demographics, rising disposable incomes, and healthy economic growth all point to compelling near long-term prospects for the company.

For Petron Corp., the country's largest oil refiner and retailer, he said growth will come from the company's thrust to reach many areas that still have no access to fuel products. There are also significant opportunities in the production of higher margin petrochemical products, he said.

Petron is investing close to P75 billion for a project that will transform its Bataan refinery into a full-conversion plant, effectively upgrading its refining capability and allowing it to become compliant with Euro 4 global environment standards.

For power generation, the firm said it is planning to double its capacity over the next five to seven years to meet growing demand and help address a looming power shortage. San Miguel's power businesses last year delivered pro forma revenues of P66.1 billion and EBITDA of P21.7 billion, on a stand-alone basis.

Cojuangco said there is also a wealth of opportunities in infrastructure, as there is great demand for better roads and public transportation.

He added that there is also a lot of upside in San Miguel's traditional food and beverage businesses with the growing affluence of consumers. Its packaging arm, meanwhile, is turning to exports for growth, with more liberal trade regimes in place in the Asia-Pacific.

Investor confidence

Cojuangco stressed that these are just parts of the company's much larger goal, to play an even bigger role in the country's growth in the coming years.

"We have always been a partner in national development, whether it's through our food and beverage products or our facilities and businesses. The roads and tollways that we will build, the mass transport, the ports and the airports that we will upgrade, will help people make the most of their lives."

He added that San Miguel's successful equity and equity-linked offering in May, the largest capital raising deal in the country and the largest exchangeable bond in Asia for 2011, was an affirmation of investors' confidence in San Miguel.

The offering, almost four times oversubscribed, paved the way for SMC's re-entry to the equity market and increased its float to comply with a Philippine Stock Exchange (PSE) rule requiring listed companies to have a minimum 10% float.

"The interest in our company is an extraordinary affirmation. It is a clear demonstration of the investing community's confidence in our company and in our country," he said.

Robust first quarter

The firm earlier reported first quarter revenues of P126.6 billion, more than 183% higher than last year's levels, and consolidated operating income of P17.3 billion, 199% higher than 2010.

Net income was up 146% at P7.14 billion while consolidated recurring earnings before interest, taxes, depreciation and amortization (EBITDA) reached P20.4 million, a 129% increase from the same period last year.

San Miguel's stellar performance in the first quarter came after a strong 2010 finish, with full-year revenues reaching P246.1 billion, up 41% from 2009, and net income reaching P20.1 billion.

Recurring net income was at P17.1 billion, 101% above the previous year's P8.5 billion, while recurring EBITDA was at P52.5 billion, 75% higher than 2009 results.

Had earnings from oil subsidiary Petron and its power businesses been consolidated January 2010, revenues and EBITDA would have been at P474.6 billion and P71.6 billion, respectively.

"Closing the page on a very successful 2010, it's hard not to feel buoyant, and we move well into 2011 with a renewed sense of optimism. We are optimistic about the businesses we are in and the consumer and industry trends underlying them," Cojuangco said. ##

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